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REPORT

OF

THE AUDITOR-GENERAL

ON

STATE DEPARTMENT FOR ECONOMIC PLANNING

FOR THE YEAR ENDED 30 JUNE, 2023

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STATE DEPARTMENT FOR ECONOMIC PLANNING

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED

JUNE 30, 2023

Prepared in accordance with the Cash Basis of Accounting Method under the International Public Sector Accounting Standards (IPSAS)

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1. ACRONYMS AND GLOSSARY OF TERMS

AIE	Authority to Incur Expenditure
AU	African Union
ACP-EU	African Caribbean and Pacific European Union
APRM	African Peer Review Mechanism
CAADP	Comprehensive Africa Agricultural Development Programme
CPRM	County Peer Review Mechanism
ECA	Economic Commission for Africa
ECOSOC	Economic and Social Council
IPPD	Integrated Personnel and Payroll Database
IPSAS	International Public Sector Accounting Standards
MDAs	Ministries, Departments and Agencies
NG-CDF	National Government-Constituencies Development Fund
NPoA	National Plan of Action
OCOB	Office of the Controller of Budget
OAG	Office of the Auditor General
PFM	Public Finance Management
PICI	Presidential Infrastructure Champion Initiative
PIDA	Programme for Infrastructure Development in Africa
SDEP	State Department of Economic Planning
SDGs	Sustainable Development Goals
TICAD	Tokyo International Conference on African Development
TVET	Technical and Vocational Education & Training
VNR	Voluntary National Review

2. KEY ENTITY INFORMATION AND MANAGEMENT

(a) Background information

The State Department for Economic Planning, through Presidential Executive Order No. 1 of January 6th of 2023 in the National Treasury and Economic Planning, at Cabinet Level, is represented by the Cabinet Secretary for The National Treasury and Economic Planning, who is responsible for the general policy and strategic direction of the State Department for Planning. The State Department's mandate and functions broadly cover issues of national and sectoral development planning. According to the Executive Order No. 1 of 6th January, 2023 on Organization of the Government of the Republic of Kenya, the functions of the State Department are:

i. National and Sectoral Development Planning;
ii. National Statistics Management;
iii. National Census and Housing Surveys;
iv. Population Policy Management;
v. Liaison with Economic Commission for Africa;
vi. Monitoring and Evaluation of Economic Trends; and
vii. Coordination of Implementation, Monitoring and Evaluation of SDGs.

Vision

A centre of excellence in National Development Planning for high quality of life for all Kenyans.

Mission

To provide leadership in National and Sectoral Development Planning by coordinating the formulation, implementation, review, tracking and reporting of development plans, policies, and strategies to advance Kenya's socio-economic transformative agenda.

Mandate and Functions

The State Department's mandate and functions broadly cover issues of National and sectoral development planning. According to the Executive Order No. 1 of 6th January 2023 on Organization of the Government of the Republic of Kenya, the functions of the State Department are:

i. National and Sectoral Development Planning
ii. National Statistics Management
iii. National Census and Housing Surveys
iv. Population Policy Management
v. Liaison with Economic Commission for Africa
vi. Policy Analysis, Monitoring and Evaluation of Economic Trends.
vii. Coordination of Implementation, Monitoring and Evaluation SDGs.

Core Values

The State Department shall uphold the following core values:

1. Transparency and Accountability: The State Department shall conduct its business and offer services to its stakeholders in a transparent and accountable manner.

2. Professionalism and Ethical Practices: All staff shall uphold high moral standards and professional competence in service delivery.
3. Teamwork: The State Department shall promote collaborative efforts of all actors to achieve a common goal.
4. Passion for Results: The State Department shall relentlessly pursue timely attainment of targeted results at all levels through high level of coordination, and networking.
5. Customer Centred: The State Department is committed to uphold customer driven and focused service delivery.
6. Participatory Approach and Inclusiveness: The State Department is committed to consultations, joint and comprehensive partnership in all its affairs.

(b) Key Management

The State Department for Economic Planning day-to-day management is led by a Principal Secretary under the Cabinet Secretary for National Treasury and Economic Planning. The following are the key organs in the State Department:

i. Macroeconomic Planning and International Economic Partnerships
ii. Social & Governance Directorate
iii. Monitoring and Evaluation Directorate
iv. Economic Development Coordination Directorate
v. Sustainable Development Goals Coordination Directorate
vi. Infrastructure, Science, Technology and Innovation (ISTI) Directorate
vii. Administrative Services Directorate

(c) Fiduciary Management

The key management personnel who held office during the financial year ended 30th June 2023 and who had direct fiduciary responsibility are:

Table 1: Key Management Personnel

No.	Designation	Name
1	Cabinet Secretary	Prof. Njuguna Ndung'u
2	Principal Secretary, Economic Planning	James Muhati
3	Senior Chief Finance Officer	Julia Ng'ang'a
4	Head of Accounting Unit	Nemwel Motanya
5	Director of Administration	Joel Makori
6	Director, Macroeconomic Planning & International Economic Partnership	James Maina
7	Director, Social and Governance	Ezekiel Manyara

No.	Designation	Name
8	Director, Economic Development Coordination	Leah Chirchir
9	Director, Infrastructure, Science, Technology and Innovation	Eliana Shiroko
10	Director, Monitoring and Evaluation	Grace Kimitei
11	Director, Sustainable Development Goals Coordination	John Olela
12	Director, Human Resource Development and Management	Charles Ahenda
13	Director, Central Planning and Project Monitoring (CPPMD)	Benson Kimani
14	Head, Supply Chain Management Unit	Patrick Rotich
15	Director, Internal Audit	Joash Karomo
16	Head, Communication	Florence Mugendi
17	Director, ICT Unit	Eric Mugo
18	Head, Library Service	Maureen Kenga
19	Head, Records Management Unit	Tabitha Nyamweru

(d) Fiduciary Oversight Arrangements

Budget Implementation Committee

This is the committee charged with the responsibility of implementation of the ministerial budget and its prudent management. The duties of the committee include the following:

i. Review and consider the cash flow plans;
ii. Review the utilization of the cash limits and consider any changes as may be;
iii. Review the utilization of the donor funds voted for the ministry;
iv. Advice the Accounting Officer on the challenges related to the budget implementation;
v. Review and recommend the reallocation of expenditures;
vi. Review and approve the submission of the expenditure returns, IPPDs, pending bills and A-I-A returns for the ministry and recommend actions to be taken;
vii. Participate in Sector Working Groups; and
viii. Prepare budget in consultation with the Heads of Departments

Ministerial Audit committee

The State department of Economic Planning shares the Audit Committee with the National Treasury. The main function of the audit committee are:

i.) Evaluate whether processes are in place to address key roles and responsibilities in relation to risk management.
ii.) Evaluate the adequacy of the control environment to provide reasonable assurance that the systems of internal control are of a high standard and functioning as intended.

iii.) Perform an independent review of the financial statements to ensure the integrity and transparency of the financial reporting process.

iv.) Monitor the effectiveness of the Ministry performance information and compliance with the performance management framework and performance reporting requirements.

v.) Evaluate the quality of the internal audit function, particularly in the areas of planning, monitoring and reporting.

vi.) Follow up on the implementation of the recommendations of internal and external auditors.

vii.) Review the effectiveness of how the Ministry monitors compliance with relevant legislative and regulatory requirements and promotes a culture committed to lawful and ethical behaviour.

Senior Management Committee

The State Department for Economic Planning exercises the functions of a Senior Management Committee through the heads of department meetings held monthly. The meeting deliberates on all cross-cutting issues affecting the state department.

e) Entity Headquarters

State Department for Economic Planning Contacts
P.O. Box 30005-00100
Treasury Building
Harambee Avenue
Nairobi, KENYA

Telephone: (254) 020 - 225229
E-mail: ps@planning.go.ke
Website: www. planning.go.ke

f) Entity Bankers

Central Bank of Kenya
Haile Selassie Avenue
P.O. Box 60000
City Square 00200
Nairobi, Kenya

g) Independent Auditors

Auditor General
Kenya National Audit Office
Anniversary Towers, University Way
P.O. Box 30084 – 00100
Nairobi, Kenya

h) Principal Legal Adviser

The Attorney General
State Law Office
Harambee Avenue
P.O. Box 40112
City Square 00200
Nairobi, Kenya

3. STATEMENT OF GOVERNANCE

3.1 The key leadership structure

The State Department for Economic Planning is headed by Cabinet Secretary for the National Treasury and Economic Planning. The Principal Secretary for Economic Planning is the Accounting Officer and is in-charge of day-to-day operations of the State Department.

The Cabinet Secretary

Prof. Njuguna Ndung'u, CBS

Prof. Njuguna Ndung'u is a Kenyan economist who is the Cabinet Secretary for National Treasury and Economic Planning. He studied economics at the University of Nairobi, earning both a Bachelor of Arts in Economics and a Master of Arts in Economics from the university. His Doctor of Philosophy, also in economics, was obtained from the University of Gothenburg in Sweden.

Ndung'u previously served as the eighth Governor of the Central Bank of Kenya for two consecutive four-year terms, from March 2007 until March 2015. Before his appointment as Governor of the Central Bank of Kenya, Prof. Ndung'u was the director of training at the African Economic Research Consortium (AERC). He lectured in advanced economic theory and econometrics at the University of Nairobi, where he was an associate professor of economics. He also worked as a regional programme specialist for the Eastern and Southern Africa Regional Office, Nairobi, of the International Development Research Centre, Canada; and at the Kenya Institute for Public Policy Research and Analysis as a principal analyst/researcher and head of the Macroeconomic and Economic Modelling Division.

The Principal Secretary

Mr. James Muhati

Mr. James Muhati is the Principal Secretary, the State Department for Economic Planning in the National Treasury and Economic Planning. Mr. Muhati has over 25 years of experience in the public and private sectors working with multinational organizations to design and implement strategic plans and policies to maximize the organizations' competitiveness and provide greater opportunities for people. He has worked in the government, insurance, oil, and airline industries at executive and senior Leadership levels.

Mr. Muhati has led cross-cultural teams to deliver results in strategic economic planning, resource mobilization, financial governance, and innovative investments, while ensuring efficient and effective utilization of resources. He has also successfully led change management and the execution of complex projects across different organizations using a customer-centric approach.

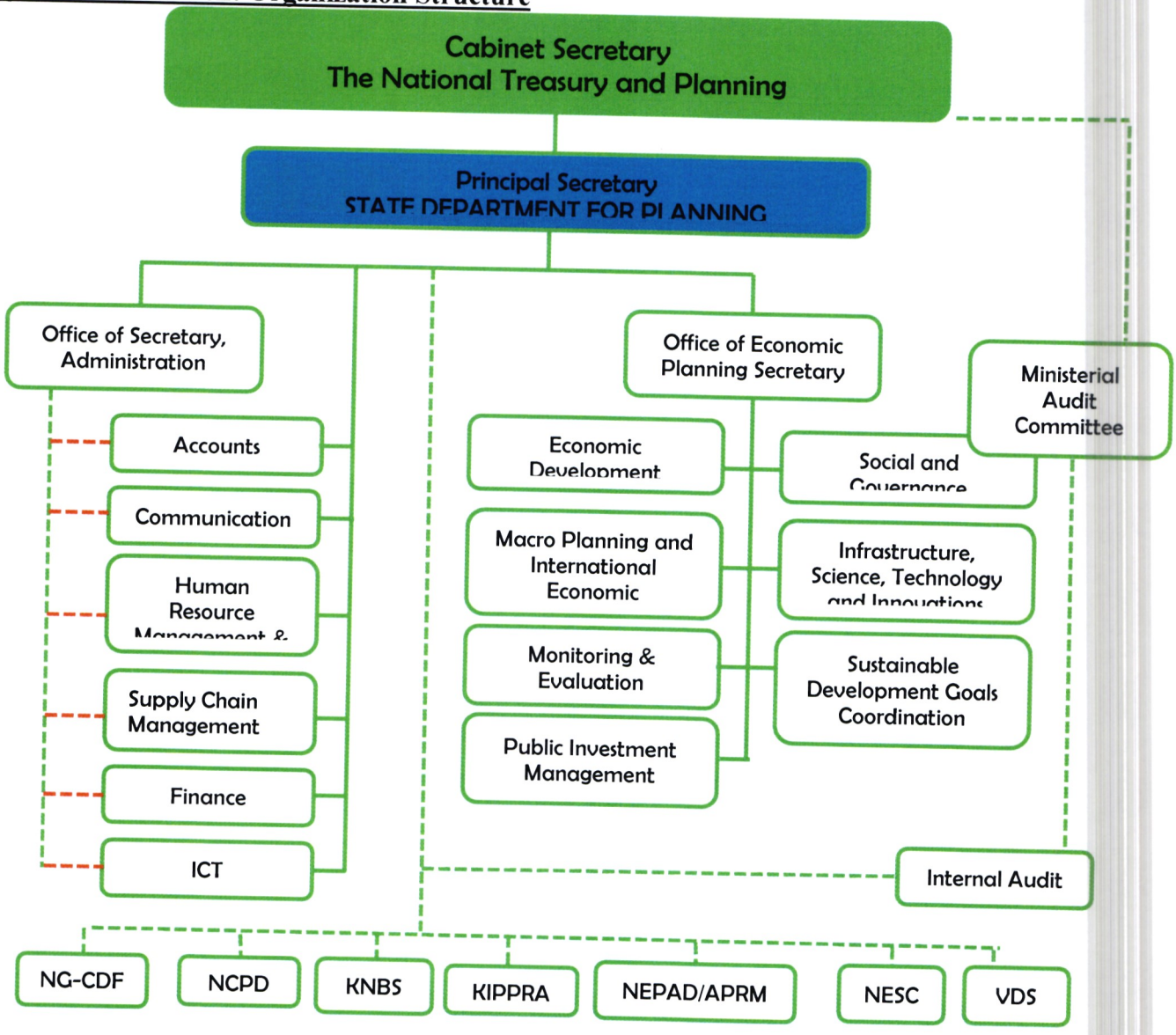
A digital transformational leader, Mr. Muhati has a reputation for fostering a culture of innovation, data-driven and evidence-based decision-making by assisting organizations adopt digital technologies and strategies into their operations.

Mr. Muhati holds a Bachelor of Science degree in Mathematics and Statistics from Kenyatta University, a Post Graduate Diploma in Computer Science, and a Master of Science degree in Information Systems from the University of Nairobi. He has also undergone the Executive Development Program (EDP) training from Gordon Institute of Business Studies (GIBBS), South Africa. Mr. Muhati is a member of the Information Systems Audit and Control Association and the Computer Society of Kenya.

The State Department is organized into seven (7) technical directorates headed by Directors, namely: Macro Planning and International Economic Partnerships; Social and Governance; Monitoring and Evaluation; Sustainable Development Goals Coordination; Infrastructure Science Technology and Innovation; Economic Development Coordination and Public Investment Management. These directorates are coordinated by the Economic Planning Secretary (EPS).

The technical directorates are supported by the Administrative Services Directorate which is comprised of Accounts, Finance, Human Resources Development and Management, ICT, Supply Chain Management, and Public Communications. The Administrative Services Directorate is coordinated by the Secretary Administration. There is an Internal Audit Unit which reports to the Principal Secretary.

Figure 1: The current Organization Structure



3.2 Management Committees

Budget Implementation Committee
This is the committee charged with the responsibility of implementation of the ministerial budget and its prudent management. The duties of the committee include the following:

i. Review and consider the cash flow plans;
ii. Review the utilization of the cash limits and consider any changes as may be;
iii. Review the utilization of the donor funds voted for the ministry;
iv. Advice the Accounting Officer on the challenges related to the budget implementation;
v. Review and recommend the reallocation of expenditures;
vi. Review and approve the submission of the expenditure returns, IPPDs, pending bills and A-I-A returns for the ministry and recommend actions to be taken;
vii. Participate in Sector Working Groups; and
viii. Prepare budget in consultation with the Heads of Departments

Senior Management Committee
The State Department for Economic Planning exercises the functions of a Senior Management Committee through the heads of department meetings held monthly. The meeting deliberates on all cross-cutting issues affecting the state department.

3.3 Ministerial Audit committee
The State department of Economic Planning shares the Audit Committee with the National Treasury. The main function of the audit committee are:

i.) Evaluate whether processes are in place to address key roles and responsibilities in relation to risk management.
ii.) Evaluate the adequacy of the control environment to provide reasonable assurance that the systems of internal control are of a high standard and functioning as intended.
iii.) Perform an independent review of the financial statements to ensure the integrity and transparency of the financial reporting process.
iv.) Monitor the effectiveness of the Ministry performance information and compliance with the performance management framework and performance reporting requirements.
v.) Evaluate the quality of the internal audit function, particularly in the areas of planning, monitoring and reporting.
vi.) Follow up on the implementation of the recommendations of internal and external auditors.
vii.) Review the effectiveness of how the Ministry monitors compliance with relevant legislative and regulatory requirements and promotes a culture committed to lawful and ethical behaviour.

3.4 Risk management, compliance, conflict of interest

State Department for Economic Planning started the process of developing Risk Management Policy Framework in the Financial Year 2022/2023. As at now, all efforts have been put in place and a Training workshop for Risk Champions conducted. A draft Risk Policy Framework has also been done and is under due consideration by all stakeholders for comments.

3.5 Recent training and development in governance for those in key leadership

There are several training and development activities for those in governance. The key and latest training being in risk management, use of IFMIS and Strategic Leadership and Development Programme.

3.6 Public participation activities

We have participated in all national public participation forums as invited.

3.7 Compliance with laws and regulations

The State Department for Economic Planning is in compliance with all laws and the attendant regulations. The Supreme law being the Kenya Constitution of 2010. The Public Finance Management Act, 2012, The Public Procurement and Asset Disposal Act, 2015; The Public Audit Act, 2015 amongst others.

4. STATEMENT BY THE CABINET SECRETARY

The mandate of the National Treasury and Economic Planning is to formulate, implement and monitor prudent economic and financial policies at national and county levels of government. As the Cabinet Secretary, it is my responsibility to provide the required leadership in formulating suitable plans and strategies that will contribute to high and sustainable socio-economic development of the country.

The following are the strategic objectives of the National Treasury and Economic Planning:

i. To maintain macroeconomic stability and foster accelerated growth;
ii. To strengthen and broaden the financial services sector;
iii. To enhance resource mobilization to meet public funding requirements;
iv. To strengthen public financial management and public investments at national and county level;
v. To strengthen National and Sectoral planning and policy formulation at both levels of Government; and
vi. To strengthen monitoring and evaluation of implementation of public policies, programmes and projects for evidence-based decision making.

My Office will continue to support the mandate and functions of the State Department for Economic Planning so as to ensure efficiency and effectiveness in implementation of various policies, programmes and projects.

.....

Cabinet Secretary
The Ministry of National Treasury and Economic Planning

5. STATEMENT BY THE PRINCIPAL SECRETARY / ACCOUNTING OFFICER

5.1 Introduction

The State Department for Economic Planning's mandate and functions broadly cover issues of National and Sectorial Development Planning. According to the Executive Order No. 1 of 6th January 2023 on Organization of the Government of the Republic of Kenya, the State Department's functions are:

i. National and Sectoral Development Planning;
ii. National Statistics Management;
iii. National Census and Housing Surveys;
iv. Population Policy Management;
v. Liaison with Economic Commission for Africa;
vi. Monitoring and Evaluation of Economic Trends; and
vii. Coordination of Implementation, Monitoring and Evaluation of Sustainable Development Goals (SDGs).

The State Department is also responsible for the following Semi-Autonomous Government Agencies: Kenya Institute for Public Policy Research and Analysis (KIPPRA), National Government Constituency Development Fund (NG-CDF), Kenya National Bureau of Statistics (KNBS), National Council for Population and Development (NCPD), Vision 2030 Board and Delivery Secretariat (VDB/VDS), and New Partnership for Africa's Development (NEPAD)/African Peer Review Mechanism (APRM).

The following are the key strategic objectives of the State Department for Economic Planning

i. To strengthen planning and policy formulation at national and county levels of government.
ii. To strengthen linkages between planning, policy formulation and budgeting.
iii. To improve coordination and provision of advisory on economic and social affairs.
iv. To enhance evidence-based decision making for socioeconomic development.
v. To enhance preparation, appraisal, management and tracking of development policies, strategies, programmes and projects.
vi. To improve efficiency and effectiveness in service delivery.

5.2 The Current Year's Budget allocation and expenditure

In the Financial Year 2022/23, the State Department for Economic Planning had an approved Gross Budget of **Kshs. 51,382,313,099** that was made up of **Kshs. 3,810,325,187** and **Kshs. 47,571,987,912** for both Recurrent and Development vote respectively. Out of the gross allocation, the Department spent **Kshs. 51,140,586,464** representing an absorption rate of **99.5%.**

The Department expended the budget under the following Programmes and Sub-programmes:

Programme 1: Economic Policy and National Planning
The objective of this programme is to strengthen policy formulation, planning, budgeting and implementation of Kenya Vision 2030. The programme comprises of the following seven (7) sub-programmes. This programme was allocated **Kshs. 49,432,978,579.00** and has several sub-programmes, which include:

SP 1.1: Economic Planning Coordination Services
SP 1.2: Community Development
SP 1.3: Economic policy planning and regional integration
SP 1.4: Policy Research
SP 1.5: Population Management Services
SP 1.6: Infrastructure, Socioeconomic Policy and Planning
SP 1.7: Coordination of Vision 2030

Programme 2: National Statistical Information Services
The objective of this programme is to provide and disseminate comprehensive, integrated, accurate and timely national statistics for policy formulation, research, planning and monitoring national development. This programme was allocated **Kshs. 1,522,346,288** and has two sub-programmes, which include:

SP 2.1: Census and Surveys
SP 2.2: Surveys

Programme 3: Monitoring and Evaluation Services
The objective of this programme is to improve tracking of implementation of development policies, strategies and programmes. This programme was allocated **Kshs 151,826,369** and has one sub-programme, namely:

SP 3.1: National Integrated Monitoring and Evaluation

Programme 4: General Administration, Planning and Support Services-for State Department of Planning
The objective of this programme is to provide leadership, support services and policy direction for effective service delivery. This programme was allocated **Kshs. 275,161,863** and has three sub-programmes, which include:

SP 4.1: Human Resource and Support Services
SP 4.2: Financial Management Services
SP 4.3: Information Communication Services

The budget performance against actual amounts for current year is also shown as follows:

Figure 2: Budget Allocation

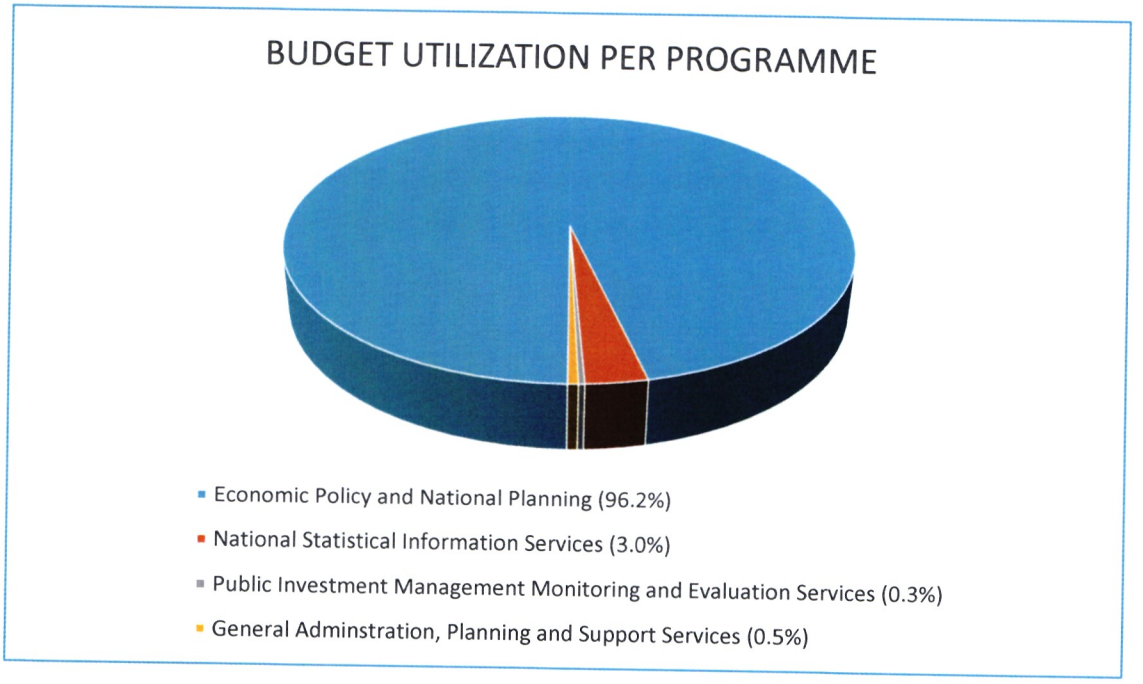
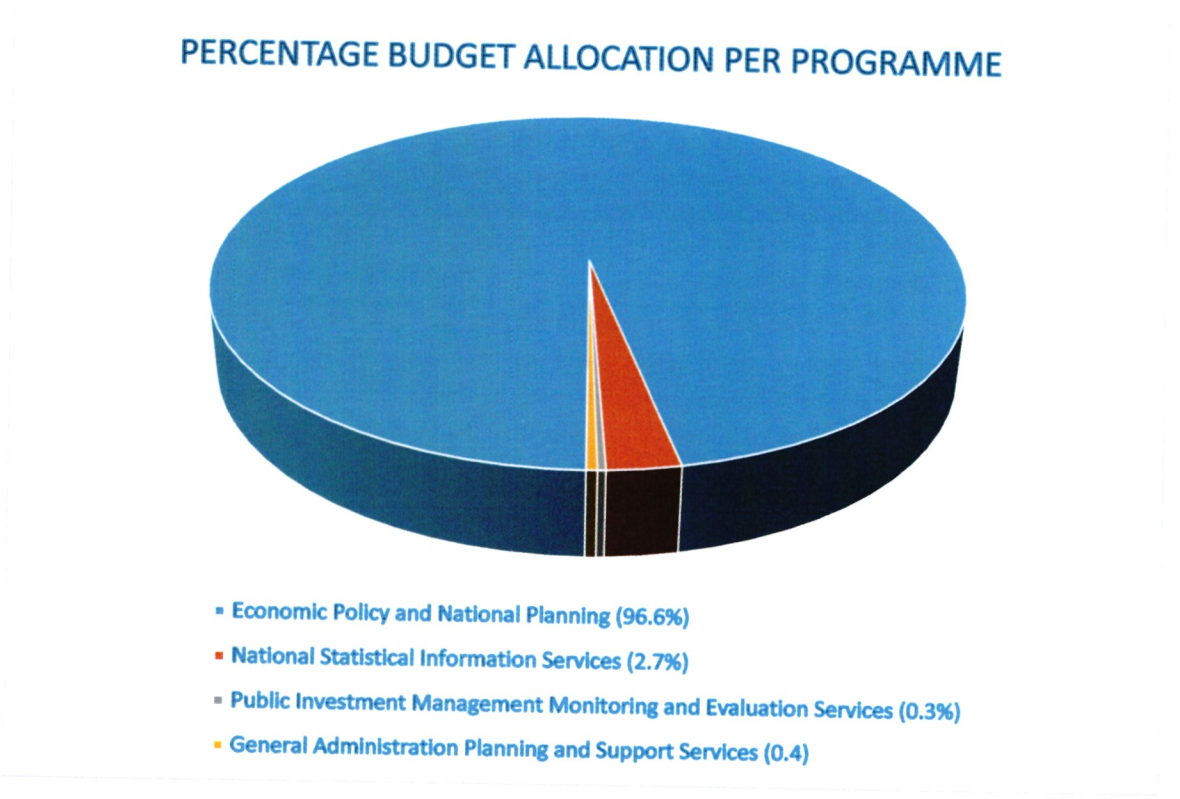


Figure 3: Budget Utilization



5.3 Key Achievements in 2022/2023

1. County Development Planning guidelines (County Integrated Development Plans, Annual Development Plans, County Sectoral Plans and Medium-Term Review of County Integrated Development Plan) and frameworks developed and disseminated
2. Provided technical support to county governments on development planning
3. Funded constituency projects/programmes
4. Mainstreamed SDGs into Planning Frameworks at both levels of government
5. Created awareness on SDGs among stakeholders
6. Prepared and presented SDGs Voluntary Report for Kenya
7. County Specific SDGs indicator handbook developed
8. Coordinated the development of the Fourth Medium Term Plan (MTP IV);
9. Aligned MTP IV to the Bottom-up Economic Transformation Agenda (BETA);
10. Aligned the third Generation County Integrated Development Plans (CIDPs) to BETA and MTP IV;
11. 2022 Kenya Demographic and Health Survey;
12. Kenya Household Health Expenditure and Utilization Survey (KHHEUS);
13. Economic Survey Reports
14. SDGs Recovery and Acceleration Strategy;
15. Guidelines on good practices in the implementation of SDGs;
16. National Reporting Indicator Handbook for 2018-2022 Medium Term Plan;
17. Three Annual Progress Reports for MTP III;
18. Guidelines on Social Budgeting;
19. Co-hosted the 9th Summit of the Africa Caribbean and Pacific (ACP) Heads of State and Government, and the International Conference on Population and Development (ICPD25) Nairobi Summit.
20. Convened high-level ministerial LAPSSET sessions for the footprint countries
21. Conducted capacity building on macro-economic modelling and forecasting
22. Regional and International Economic cooperation agenda implemented
23. Regional Integration Infrastructure (PIDA/PICI) reports prepared and submitted to AU
24. Comprehensive Africa Agricultural Development Programme (CAADP) reports prepared and presented at AU
25. 2nd Country Review Report Disseminated to all the Counties
26. CPRM guidelines and tools for counties peer reviews developed
27. National progress report on implementation of the NPoA developed
28. Public Policy Research and Analysis publications produced and disseminated
29. Quarterly Status of the Economy Reports prepared and disseminated
30. Conducted capacity building on public policy formulation
31. Key Investment Opportunities in Kenya Document prepared and disseminated
32. Policies/briefs/position papers/Strategies/Guidelines/plans on population issues including DD Coordination Strategy for Kenya developed and disseminated
33. Advocacy and sensitization fora held on population and development issues
34. Knowledge Management institutionalized at both levels of Government
35. Annual CPPMUs' forum convened
36. Report on compliance with National cohesion, values and principles in line with the Constitution 2010 prepared
37. M&E and Knowledge Management Policies;

38. Developed e-NIMES/e-CIMES dashboard and initiated roll out to MDAs and 45 County Governments;
39. Developed and disseminated the Guidelines for Preparation of the Third-Generation County Integrated Development Plans (2023-2027).
40. Disbursed a total of KShs. 140.46 billion to 290 constituencies between FY 2019/20 to date through NG-CDF.
41. Co-hosted the 7th Program for Infrastructure Development for Africa (PIDA) week under AUDA-NEPAD programmes;
42. Spearheaded the Targeted Review for Kenya under Africa Peer Review Mechanism (APRM) and cascaded the mechanism to Counties
43. Developed Guidelines for preparation of the 5th Generation Strategic Plans, 2023 2027 for MDAs, Counties, Constitutional Commissions and Independent Offices.

5.4 Emerging Issues/Challenges

Lack of legal framework to guide the economic planning function and support a one-stop-shop for data management as well as weak monitoring and evaluation system slows down access and delivery of services.

In the recent organization of Government functions through Executive order No. 1 of 6th January 2023, the PIM function was transferred to the National Treasury. This has led to inability to deliver on the PIM Function as provided in the PFM (Public Investment Management) Regulations 2022 by the State Department for Economic Planning.

Some roles previously performed by officers deployed in the National Planning Offices at the counties were assigned to the Government Delivery Services through a circular from the Office of the Prime Cabinet Secretary on Guidelines on the Coordination and Implementation of National Government Policies, Programmes and Projects of March 2023. This is likely to be a hindrance to efficient and effective delivery of the National Planning function at the counties.

Further to this, inadequate financial resources, office space and working tools affected the Department in implementing planned programmes and projects.

.....

Principal Secretary
State Department for Economic Planning

6. STATEMENT OF PERFORMANCE AGAINST PREDETERMINED OBJECTIVES FOR THE FY2022/23

Introduction

This is in accordance with Section 81 (2) (f) of the Public Finance Management Act, 2012. The key development objectives of the State Department's 2019-2023 strategic plan are to:

a) coordinate National and Sectorial Planning and policy formulation
b) track and report on implementation of policies and programs
c) strengthen the department to deliver on its mandate

For purposes of implementing and cascading the objectives to specific sectors, all the objectives were converted into development outcomes. Attendant indicators were identified for tracking progress in performance measurement. Below we provide the progress made.

Table 2: Progress on the attainment of Strategic Objectives

Programme	Strategic Objective	Outcome	Indicators	Performance
Economic Policy and National Planning **Objective:** To strengthen policy formulation, planning, budgeting and implementation of Kenya Vision 2030				
SP 1.1: Economic Planning Coordination Services	To coordinate economic development at both levels of government	County Development Plan guidelines and Frameworks developed and disseminated	No. of County Development Planning frameworks/ guidelines developed and disseminated	CIDP, ADP, CSP and MTR guidelines prepared and disseminated.
		Technical support to county governments on development planning provided	% of counties provided with technical assistance upon request on development planning	Offered technical support to all county governments
		Development planning Knowledge exchange platform created	No. of county development planning conferences held	Knowledge exchange platform created; seminars and workshops to exchange knowledge held
SP 1.2: Community Development	To promote sustainable development	Funded constituency projects/ programmes	Amount Kshs. 55.4B disbursed to NG-CDF	Implementation of various community programmes and projects at the constituency level
		Review of SDGs at High level summits	No. of reports	SDGs Voluntary National report prepared and presented

Programme	Strategic Objective	Outcome	Indicators	Performance
		SDGs mainstreamed into Planning Frameworks at both levels of government	No. of MDAs and Counties trained on SDGs mainstreaming held	53 MDAs 24 Counties
			SDGs Curriculum	SDGs Curriculum Developed
			SDGs Gap Analysis report	SDGs Gap Analysis report prepared
		SDGs awareness to stakeholder conducted	No. of sensitization/awareness forums held	4 sensitization/ awareness forums held
			No of SDGs Stakeholders Engagement Forums held	1 SDGs Stakeholders Engagement forum held
		SDGs implementation acceleration strategy developed/reviewed	SDG Strategy	SDG Strategy drafted
		SDGs implementation tracked and Reported	No. of Status Reports (National)	Voluntary National Review (VNR) for Kenya developed (2020)
			No. of Status Reports (county level)	4 County SDG Status Reports prepared
		County Specific SDGs indicator handbook developed	No. of Indicator handbooks	8 county specific indicator handbooks
		SDGs Data users and Producers forums held	No. of SDGs forums	1 SDGs Data users and Producers forum held
SP 1.3: Economic policy planning and regional integration	To enhance economic Planning and International Cooperation	Macroeconomic policies and development plans developed	No. Key Investment Opportunities in Kenya based on Third MTP 2018-2022	Key Investment Opportunities in Kenya based on Third MTP 2018-2022
			No. of Economic Policy briefs	8 Economic Policy briefs prepared
		Macro-economic modelling and forecasting capacity building conducted	No. of MDAs officers capacity built on Modelling (T21)	3 MDAs officers capacity built on Modelling (T21)

Programme	Strategic Objective	Outcome	Indicators	Performance
		Regional and International Economic cooperation agenda implemented	No. of progress reports on implementation of TICAD	2 progress reports on implementation of TICAD prepared
			No. of Economic cooperation reports (ACP/ACP-EU, ECOSOC, ECA, EAC, South-South and Triangular Cooperation) prepared	5 Economic cooperation reports (ACP/ACP-EU, ECOSOC, ECA, EAC, South-South and Triangular Cooperation) prepared
		Regional Integration Infrastructure (PIDA/PICI) reports prepared and submitted to AU	No. of AU Infrastructure development status reports	2 AU Infrastructure development status reports prepared
		TVET capacity built on proposal and concept writing for SIFA funding	No of TVETs trained for Window I and III	30 TVETs trained for Window I and II
		Comprehensive Africa Agricultural Development Programme (CAADP) reports prepared and presented at AU	No. of CAADP reports	CAADP report presented to AU
		CPRM guidelines and tools for counties peer Reviews Developed	Set of CPRM Guidelines and tools for counties	CPRM guidelines and tools for counties peer Reviews Developed
		National progress report on implementation of the NPoA developed	Progress report on NPoA	Progress report on NPoA prepared
SP 1.4: Policy Research	To strengthen Policy formulation and analysis	Public Policy Research and Analysis publications produced and disseminated	No. of Policy Research Papers and Reports	Various Policy Research Papers, articles and Reports

Programme	Strategic Objective	Outcome	Indicators	Performance
		Kenya Economic Report prepared	Kenya Economic Report	Kenya Economic Report prepared
		Capacity building on Public Policy Formulation	No. of Young Professionals trained	40 Young Professionals trained
S.P 1.5: Population Management Services		Policies/briefs/position papers /Strategies/Guidelines/ plans on Population issues including DD Coordination Strategy for Kenya developed and disseminated	Number of Policies/briefs/position papers /Strategies/Guidelines/ plans on Population issues including DD Coordination Strategy for Kenya	Various policies/briefs/position papers /Strategies/Guidelines/ plans on Population issues including DD Coordination Strategy for Kenya developed and disseminated
		Advocacy and sensitization fora held on Population and Development issues	Number of forums on Advocacy and sensitization fora held on Population and Development issues	20 advocacy and sensitization fora held on Population and Development issues
SP 1.6: Infrastructure, Socioeconomic Policy and Planning	To institutionalize Knowledge Management in both levels of government	Knowledge Management institutionalized at both levels of Government	KMA 2018-2022 strategic Plan developed	KMA 2018-2022 strategic Plan developed
			Guidelines	Guidelines on implementation of Knowledge Management in the counties developed
			No. of KM sensitization/awareness forums	1 KM sensitization/awareness forums held
		Annual CPPMU forum convened	No. of CPPMUs forums held	Annual CPPMU forum convened
		Infrastructure projects under the MTPs status reports prepared	No of Reports	Infrastructure projects under the MTPs status reports prepared
		Research on topical and emerging issues conducted	No of reports and policy briefs	2 research papers and 2 policy briefs prepared

Programme	Strategic Objective	Outcome	Indicators	Performance
S.P 1.7: Coordination of Vision 2030	To coordinate the implementation of the Kenya Vision 2030	Kenya Vision 2030 flagship project report prepared	No of Reports	MTP I and II Progress Report Prepared
National Statistical Information Services **Objective:** To provide and disseminate comprehensive, integrated, accurate and timely national statistics for policy formulation, research, planning and monitoring national development				
SP 2.2: Surveys	To provide disaggregated data for planning and policy formulation purposes	Statistical publications and reports	Number of Annual, quarterly and monthly statistical reports and publications.	Annual, quarterly and monthly statistical reports and publications prepared and disseminated
SP 2.1: Census and surveys		2019 Kenya Population and Housing Census reports produced and disseminated	No. of census reports produced and disseminated	2019 Kenya Population and Housing Census reports produced and disseminated
		Comprehensive business register	Percent of Census of Establishments Implemented	Comprehensive business register prepared
		National Strategy for the Development of Statistics (NSDS) developed	Number of Sector statistics Plans developed and consolidated	National Strategy for the Development of Statistics (NSDS) developed
Monitoring and Evaluation Services **Objective:** To improve tracking of implementation of development policies, strategies and programmes				
SP 3.1: National Integrated Monitoring and Evaluation	To entrench monitoring and evaluation in both levels of government	M&E Bill Developed	M&E Bill	M&E Bill has been finalized and submitted to NDITC
		Approved & operationalized National M&E policy	Approved & operationalization National M&E policy	National M&E Policy was approved by the Cabinet in May 2022
		MTPIII Indicator handbook finalized and disseminated	National Indicator Hand Book	MTPIII Indicator handbook finalized and disseminated
		M&E reports and guidelines prepared and disseminated	No. of Annual Progress Reports (APR) for MTPIII	Annual Progress Report (APR) for MTPIII prepared

Programme	Strategic Objective	Outcome	Indicators	Performance
			Comprehensive Public Expenditure Review (CPER) report	Comprehensive Public Expenditure Review (CPER) report prepared
			No, of conferences held	Annual National M&E Conference held
			Evaluation Guidelines	Draft prepared and reviewed, MDAs and Counties submitted to PS&CS for approval, publishing and launching; Uploaded in SDP Website after stakeholders comments
		Annual National M&E Conference held	No. of officers trained on promotional courses and appraised	Various officers trained on promotional courses; 100% of staff on SPAS
General Administration, Planning and Support Services-for State Department of Planning Objectives: To provide leadership, support services and policy direction for effective service delivery				
SP 4.1: Human Resource and Support Services	Administration	To entrench performance management	No. of days	Available funds released to all spending units in the department within 7 days
			Staff to computer ratio	1.8:1
		National cohesion, values and principles in line with the Constitution 2010 Promoted	Internet access reliability	97%
SP 4.2: Financial Management Services	Finance management services	Timely release of available funds to all spending units in the Department		
SP 4.3: Information Communication Services	ICT Unit	Improved ICT infrastructures in place		

7 MANAGEMENT DISCUSSION AND ANALYSIS

7.1 Previous Years Analysis by Category of Expenditure: Programmes

The approved budget allocation to Economic Policy and National Planning Programme increased from **KShs. 43,635.21 million** in FY2019/20 to **KShs. 57,153.03 million** in FY2020/21 and decreased to **KShs. 48,931.70 million** in FY2021/22. Similarly, the actual expenditure showed a similar trend increasing from **KShs. 29,865.01 million** in FY2019/20 to **KShs. 57,111.91 million** in FY2020/21 and decreased to **KShs. 45,969.08 million** in FY2021/22 due to disbursement of NG-CDF previous year's arrears.

The approved budget allocation to the National Statistical Information Services Programme was **KShs. 11,229.68 million** in FY2019/20 decreasing to **KShs. 1,665.86 million** in FY2020/21 and increased to **KShs. 2,113.31 million** in FY2021/22. The high allocation in the FY2019/20 was on account of funding for the 2019 Kenya Population and Housing Census and Kenya Statistics Programme for Results. The actual expenditure for the programme exhibited a similar trend; **KShs. 10,819.49 million, Kshs. 1,466.22 million** and **KShs. 2,044.26 million** in FYs 2019/20, 2020/21 and 2021/22 respectively.

The approved budget allocation to the Public Investment Management Monitoring and Evaluation Services Programme was KShs. **119.13 million** in FY2019/20, **KSh. 121.00 million** in FY2020/21 and **KShs. 242.96 million** in FY2021/22. On the other hand, the actual expenditure for the programme was **KShs. 107.39 million**, **KShs. 189.48 million and KShs. 235.41 million** in FY2019/20, FY2020/21 and FY2021/22 respectively. The over expenditure in FY2020/21 was as a result of budget cuts after expenditure had been incurred.

The approved budget allocation to the General Administration and Support Services for Planning Programme reduced from **KShs. 280.04 million** in FY2019/20 to **KShs. 232.87 million** in FY2020/21 and increased in FY2021/22 to **KShs. 345.62 million**. The actual expenditure for the programme exhibited a similar trend where the expenditure decreased from **KShs. 259.36 million** in FY2019/20 to **KShs. 234.31 million** in FY2020/21 and increased in FY2021/22 to **KShs. 335.09 million**.

7.2 Previous Years' Analysis of Programmes and Projects Targets Vs Actual Targets

During the period under review, the State Department for Economic Planning implemented nineteen (19) key Projects. The data below has been consolidated, analysed and presented in tabular form as follows *(Source: Approved Estimates for FY 2019/20 -2021/22):*

Table 3: Previous Years' Analysis by Category of Expenditure: Programmes (KShs. Million)

PROGRAMME DETAILS	APPROVED BUDGET			ACTUAL EXPENDITURE		
	2019/20	2020/21	2021/22	2019/20	2020/21	2021/22
PROGRAMME 1: ECONOMIC POLICY AND NATIONAL PLANNING						
Economic Planning Coordination Services	147.59	205.60	236.36	154.95	194.02	222.40
Community Development	41,785.32	55,476.38	46,802.76	28,065.19	55,482.03	43,897.68
Macro-Economic Policy Planning and Regional Integration	382.96	379.05	771.23	381.96	381.53	767.95
Policy Research	428.55	419.28	598.78	428.55	414.28	593.78
Population Management Services	589.16	394.83	401.33	540.50	362.92	367.03
Infrastructure, Science, Technology and Innovation	68.68	54.42	36.57	60.91	53.74	36.16
Sectoral Policy and Planning	-	4.25	84.67	-	4.18	84.08
Coordination of Vision 2030	232.96	219.21	-	232.96	219.21	-
Total	**43,635.21**	**57,153.03**	**48,931.70**	**29,865.01**	**57,111.91**	**45,969.08**
PROGRAMME 2: NATIONAL STASTISTICAL INFORMATION SERVICES						
Census and Surveys	8,790.68	1,545.86	2,113.31	8,727.74	1,406.22	2,044.26
Surveys	2,439.00	120.00	-	2,091.75	60.00	-
Total	**11,229.68**	**1,665.86**	**2,113.31**	**10,819.49**	**1,466.22**	**2,044.26**
PROGRAMME 3: PUBLIC INVESTMENT MANAGEMENT MONITORING AND EVALUATION SERVICES						
National Integrated Monitoring and Evaluation	119.13	121.00	242.96	107.39	189.48	235.41
Total	**119.13**	**121.00**	**242.96**	**107.39**	**189.48**	**235.41**
PROGRAMME 4: GENERAL ADMINISTRATION, PLANNING AND SUPPORT SERVICES						
Human Resources and Support Services	227.08	180.60	279.59	213.76	182.27	270.01
Financial Management Services	42.34	44.04	49.53	37.22	43.79	48.99
Information Communications Services	10.61	8.23	16.50	8.38	8.25	16.10
Total	**280.04**	**232.87**	345.62	259.36	234.31	335.09
TOTAL VOTE 1072	**55,264.06**	**59,172.75**	**51,633.59**	**41,051.24**	**59,001.93**	**48,583.85**

Table 4: Analysis of Performance of Key Projects FY 2019/20 – 2021/22 (KSh. million)

Project code & Project Title	Est Cost of Project (Financing)			Timeline		FY 2019/20				FY 2020/21				FY 2021/22					
	Total Est Cost of Project (a)	GOK	Foreign Financed	Start Date	Expected completion date	Approved GOK Budget	Approved Foreign financed Budget	Cumulative Expenditure as at 30th June 2020	Completion stage as at 30th June 2020(%)	Approved GOK Budget	Approved Foreign financed Budget	Cumulative Expenditure as at 30th June 2021	Completion stage as at 30th June 2021(%)	Approved GOK Budget	Approved Foreign financed Budget	Cumulative Expenditure as at 30th June 2022	Outstanding Balance as at 30th June 2022	Completion stage as at 30th June 2022(%)	Remarks
1072100600 National Government County Planning, Information & Documentation.	2,581.72	2,581.72	-	7/1/09	30/6/26	13.59	-	2,134.46	82.7%	7.74	-	2,154.49	83.5%	133.11	-	2,282.92	298.80	88.4%	
1072101500National Government Constituency Fund (NGCDF).	339,000.00	339,000.00	0.00	1/7/16	30/6/26	41,714.80	-	112,600.00	33.2%	55,429.38	-	168,024.93	49.6%	46,614.80	-	211,739.73	127,260.27	62.5%	
1072101700 National Economic Planning and International Partnerships.	1,400.00	531.39	868.61	7/1/15	30/6/26	22.41	-	173.77	12.4%	7.16	-	193.80	13.8%	71.22	-	263.79	1,136.21	18.8%	
1072100300 Support to Kenya Institute for Public Policy Research & Analysis	578.95	578.95	0.00	1/1/11	30/6/26	-	-	430.95	74.4%	5.00	-	435.95	75.3%	68.00	-	503.95	75.00	87.0%	
1072100700 Economic Empowerment Programme.	581.91	123.66	458.25	7/1/13	30/6/26	-	-	507.09	87.1%	-	-	507.09	87.1%	4.00	-	511.09	70.82	87.8%	
1072101200 Social Policy and Research.	200.00	-	200.00	1/7/06	30/6/26	-	-	134.31	67.2%	-	4.25	138.49	69.2%	-	5.00	143.47	56.53	71.7%	
1072100800 Integration and Coordination with ICPD POA-NCAPD.	2,669.00	1,484.30	1,184.70	7/1/11	30/6/26	59.00	111.76	990.75	37.1%	15.50	56.37	1,030.70	38.6%	22.00	56.37	1,074.77	1,594.23	40.3%	
1072100900Data Collection and Data Base Development.	277.00	-	277.00	1/7/12	31/12/26	-	20.30	169.82	61.3%	-	31.42	172.50	62.3%	-	37.41	190.63	86.37	68.8%	
1072101100Social Policy and Statistics (KNBS).	229.71	-	229.71	1/1/10	31/12/26	-	-	80.00	34.8%	-	12.68	80.00	34.8%	-	97.46	177.46	52.25	77.3%	
1072101900Kenya National Bureau of Statistics-Census.	550.00	550.00	0.00	1/1/10	31/12/26	20.00	-	369.00	67.1%	11.00	-	380.00	69.1%	100.00	-	480.00	70.00	87.3%	
10721020000Kenya Statistics Programme For Results.	7,600.00	7,600.00	0.00	1/7/15	31/12/20	1,389.00	-	7,471.75	98.3%	120.00	-	7,531.75	99.1%	-	-	7,531.75	68.25	99.1%	

Project code & Project Title	Est Cost of Project (Financing)			Timeline		FY 2019/20				FY 2020/21				FY 2021/22					
	Total Est Cost of Project (a)	GOK	Foreign Financed	Start Date	Expected completion date	Approved GOK Budget	Approved Foreign financed Budget	Cumulative Expenditure as at 30th June 2020	Completion stage as at 30th June 2020(%)	Approved GOK Budget	Approved Foreign financed Budget	Cumulative Expenditure as at 30th June 2021	Completion stage as at 30th June 2021(%)	Approved GOK Budget	Approved Foreign financed Budget	Cumulative Expenditure as at 30th June 2022	Outstanding Balance as at 30th June 2022	Completion stage as at 30th June 2022(%)	Remarks
1072108000Kenya devolution support program-KDSP	420.00	420.00		07/01/2015	06/06/2022	60.04	-	99.88	24%	11.76	-	146.52	34.9%	-	-	146.52	273.48	34.9%	
1072100100 National Integrated Monitoring and Evaluation System (NIMES).	1,330.90	1,330.90	0.00	7/1/11	31/12/26	45.37	-	1,061.10	79.7%	27.39	-	1,098.90	82.6%	75.49	-	1,174.33	156.57	88.2%	
1072101000Strengthening Capacity for Monitoring and Evaluation	99.85	-	99.85	1/7/18	30/6/25	-	3.50	78.80	78.9%	-	6.77	82.93	83.1%	-	6.77	89.62	10.23	89.8%	
1072101300Social Policy (MED).	213.40	-	213.40	1/1/09	31/12/26	-	-	167.04	78.3%	-	4.25	171.09	80.2%	-	4.25	171.09	42.31	80.2%	
1072108500National Food and Nutrition Project - KNBS	409.50	-	409.50	1/1/18	31/12/24	-	50.00	49.88	12.2%	-	140.00	95.63	23.4%	-	140.00	234.03	175.47	57.2%	
1072108600Child Sensitive Budget Analysis.	11.00	-	11.00	1/7/18	30/6/26	-	-	-	0.0%	-	5.00	-	0.0%	-	5.00	-	11.00	0.0%	
1072108700Making Every Woman and Girl Count	156.24	-	156.24	1/7/19	31/12/24	-	52.99	-	0.0%	-	33.20	26.62	17.0%	-	100.83	89.28	66.97	57.1%	
1072109000Kenya Demographic and Health Survey	939.70	200.00	739.7	1/10/21	30/6/24	-	-	-		-	-	-		100.00	10.00	100.00	839.70	10.6%	
TOTAL	**358,309.17**	**354,400.92**	**4,108.26**	-	-	**43,324.21**	**238.55**	**126,518.60**		**55,634.93**	**293.94**	**182,271.40**		**47,188.62**	**463.08**	**226,804.44**	**131,504.74**		

8 ENVIRONMENTAL AND SUSTAINABILITY REPORTING

a) Sustainability strategy and profile

the State Department for Economic Planning, sustainability is key. Towards this, career and succession management strategy for the cadres administered by the Department are being reviewed to incorporate emerging issues. This will ensure continuity of efficient service delivery in the Department and thus smooth succession in the public service. The Department will continue to implement schemes of service and ensure fair and timely promotion of staff across all cadres. To reduce the existing gaps, mostly in the technical areas, the Department will progressively recruit and seek for waivers in areas where there are succession gaps. As much as possible, efforts will be made to motivate and retain staff.

The Department is reviewing its organization structure vis-à-vis the Authorized Establishment to ensure optimality and clear reporting structure.

b) Environmental performance /climate change/ mitigation of natural disasters

The Department has continued to adhere to the environmental policy guidance as provided by NEMA and other agencies. Towards implementation, the Department has been in the forefront in implementing the presidential directives on tree planting and growing for jobs programme.

c) Employees welfare

The Department's major strength is in its staff establishment and capacity. In recognition of this and as initial start, the Department has prepared a three (3) year HRM/D plan to guide human resource development and management. A major strategic focus has been to build staff capacity and provide the environment necessary for their productive service delivery. The Department has ensured continuous training of staff in order to impart them with the relevant knowledge and skills as well as regular staff promotions and filling of vacant positions as and when necessary. Towards this, the Department undertook a training needs assessment and developed training interventions to address identified needs. The Department has progressively adhered to the training policy requirement of allocating at least 2 per cent of recurrent budget towards training.

On work environment, the Department continues to comply with the Occupational Health and Safety Act, 2007 and has done risk assessment and sensitization on issues of safety from time to time. Interventions include stress management activities, team building activities and initiatives to keep employees safe and healthy at work. It has also developed an internal Work Environment policy to provide guidelines on improving work environment.

The Department has continued to comply with the Public Service Commission guidelines on Internship in Public Service. Drawing upon this, the Department is implementing an internship programme, aimed at providing the youth with opportunities to gain experience through hands-on experience; enhance youth development and employability by creating clear linkages between education, training and work; and develop a culture of high-quality life-long learning of positive work habits and attitudes.

d) Operational practices/ Market place practices

The State Department for Economic Planning has always conducted its business and offer services to its stakeholders in a transparent and accountable manner. Further, all staff uphold high moral standards and professional competence in service delivery. The Department promotes collaborative efforts of all actors to achieve a common goal and has relentlessly pursued timely attainment of targeted results at all levels through high level of coordination, and networking. The Department is committed to uphold customer driven and focused service delivery; to consultations, joint and comprehensive partnership in all its affairs; and promote fair competition among others.

e) Community Engagements-

As guided by the Executive Order, the State Department has been coordinating the National Government Constituencies Development Fund (NG-CDF). Through the fund, various community development programmes and projects have been implemented. The Department has also coordinated the implementation of the Sustainable Development Goals (SDGs) and has ensured that they are mainstreamed into planning frameworks at both levels of government for the benefit of communities.

9 STATEMENT OF MANAGEMENT RESPONSIBILITIES

Section 81 (1) of the Public Finance Management Act, 2013 requires that, at the end of each financial year, the accounting officer for a National Government Entity shall prepare financial statements in respect of that entity. Section 81 (3) requires the financial statements prepared to be in a form that complies with relevant accounting standards as prescribed by the Public Sector Accounting Standards Board of Kenya from time to time.

The Accounting Officer in charge of the State Department for Economic Planning is responsible for the preparation and presentation of the entity's financial statements, which give a true and fair view of the state of affairs of the entity for and as at the end of the financial year (period) ended on June 30, 2023. This responsibility includes:

i. Maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period,
ii. Maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the entity,
iii. Designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud,
iv. Safeguarding the assets of the entity;
v. Selecting and applying appropriate accounting policies; and
vi. Making accounting estimates that are reasonable in the circumstances.

The Accounting Officer in charge of the State Department for Economic Planning accepts responsibility for the State Department's financial statements, which have been prepared on the Cash Basis Method of Financial Reporting, using appropriate accounting policies in accordance with International Public Sector Accounting Standards (IPSAS). The Accounting Officer is of the opinion that the State Department's financial statements give a true and fair view of the state of State Department's transactions during the financial year ended June 30, 2023, and of the State Department's financial position as at that date. The Accounting Officer in charge of the State Department for Economic Planning further confirms the completeness of the accounting records maintained for the State Department, which have been relied upon in the preparation of the State Department's financial statements as well as the adequacy of the systems of internal financial control.

The Accounting Officer in charge of the State Department for Economic Planning confirms that the State Department has complied fully with applicable Government Regulations and the terms of external financing covenants (where applicable), and that the State Department's funds received during the year under audit were used for the eligible purposes for which they were intended and were properly accounted for. Further, the Accounting Officer confirms that the State Department's financial statements have been prepared in a form that complies with relevant accounting standards prescribed by the Public Sector Accounting Standards Board of Kenya.

Approval of the financial statements

The department's financial statements were approved and signed by the Accounting Officer on 14th Sept. 2023.

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JAMES MUHATI
Accounting Officer

.....
NEMWEL MOTANYA
Head of Accounting Unit
ICPAK M/No. 2367

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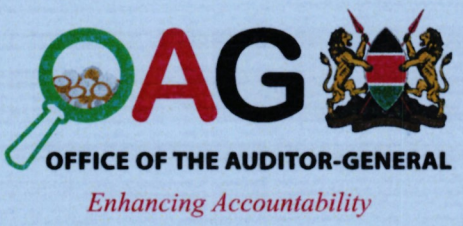

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REPORT OF THE AUDITOR-GENERAL ON STATE DEPARTMENT FOR ECONOMIC PLANNING FOR THE YEAR ENDED 30 JUNE, 2023

PREAMBLE

I draw your attention to the contents of my report, which is in three parts:

A. Report on the Financial Statements, which considers whether the financial statements are fairly presented in accordance with the applicable financial reporting framework, accounting standards and the relevant laws, and regulations, which have a direct effect on the financial statements.

B. Report on Lawfulness and Effectiveness in Use of Public Resources which considers compliance with applicable laws, regulations, policies, gazette notices, circulars, guidelines and manuals and whether public resources are applied in a prudent, efficient, economic, transparent and accountable manner to ensure Government achieves value for money and that such funds are applied for the intended purpose.

C. Report on Effectiveness of Internal Controls, Risk Management and Governance, which considers how the entity has instituted checks and balances to guide internal operations. This responds to the effectiveness of the governance structure, the risk management environment and the internal controls developed and implemented by those charged with governance for orderly, efficient and effective operations of the entity.

An unmodified opinion does not necessarily mean that an entity has complied with all relevant laws and regulations and that its internal controls, risk management and governance systems are properly designed and were working effectively in the financial year under review.

The three parts of the report are aimed at addressing the statutory roles and responsibilities of the Auditor-General as provided by Article 229 of the Constitution, the Public Finance Management Act, 2012 and the Public Audit Act, 2015. The three parts of the report, when read together constitute the report of the Auditor-General.

REPORT ON THE FINANCIAL STATEMENTS

Opinion

I have audited the accompanying financial statements of State Department for Economic Planning set out on pages 1 to 21, which comprise of the statement of financial assets

and liabilities as at 30 June, 2023, and the statement of receipts and payments, statement of cash flows, statement of comparison of budget and actual amounts, summary statement of appropriation - recurrent, summary statement of appropriation - development, budget execution by programmes and sub-programmes for the year then ended, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, the financial statements present fairly, in all material respects, the financial position of State Department for Economic Planning as at 30 June, 2023, and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Cash Basis) and comply with the Public Finance Management Act, 2012.

Basis for Opinion

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the State Department for Economic Planning Management in accordance with ISSAI 130 on Code of Ethics. I have fulfilled other ethical responsibilities in accordance with the ISSAI and in accordance with other ethical requirements applicable to performing audits of financial statements in Kenya. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Key Audit Matter

Key audit matters are those matters which, in my professional judgment, are of most significance in the audit of the financial statements. There were no key audit matters to report in the year under review.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

As required by Article 229(6) of the Constitution, based on the audit procedures performed, I confirm that, nothing has come to my attention to cause me to believe that public resources have not been applied lawfully and in an effective way.

Basis for Conclusion

The audit was conducted in accordance with ISSAI 4000. The standard requires that I comply with ethical requirements, plan and perform the audit to obtain assurance about whether the activities, financial transactions and information reflected in the financial statements are in compliance, in all material respects, with the authorities that govern them. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

As required by Section 7(1)(a) of the Public Audit Act, 2015, based on the audit procedures performed, I confirm that, nothing has come to my attention to cause me to believe that internal controls, risk management and overall governance were not effective.

Basis for Conclusion

The audit was conducted in accordance with ISSAI 2315 and ISSAI 2330. The standards require that I plan and perform the audit to obtain assurance about whether effective processes and systems of internal control, risk management and overall governance were operating effectively, in all material respects. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

Responsibilities of Management and those Charged with Governance

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Public Sector Accounting Standards (Cash Basis) and for maintaining effective internal control as Management determines is necessary to enable the preparation of financial statements which are free from material misstatement, whether due to fraud or error and for its assessment of the effectiveness of internal control, risk management and governance.

In preparing the financial statements, Management is responsible for assessing the State Department's ability to continue sustaining its services, disclosing, as applicable, matters related to sustainability of services and using the applicable basis of accounting unless Management is aware of intention to terminate the State Department or to cease operations.

Management is also responsible for the submission of the financial statements to the Auditor-General in accordance with the provisions of Section 47 of the Public Audit Act, 2015.

In addition to the responsibility for the preparation and presentation of the financial statements described above, Management is also responsible for ensuring that the activities, financial transactions and information reflected in the financial statements are in compliance with the authorities which govern them, and that public resources are applied in an effective way.

Those charged with governance are responsible for overseeing the State Department for Economic Planning financial reporting process, reviewing the effectiveness of how Management monitors compliance with relevant legislative and regulatory requirements, ensuring that effective processes and systems are in place to address key roles and responsibilities in relation to governance and risk management, and ensuring the adequacy and effectiveness of the control environment.

Auditor-General's Responsibilities for the Audit

The audit objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report which includes my opinion in accordance with the provisions of Section 48 of the Public Audit Act, 2015 and submit the audit report in compliance with Article 229(7) of the Constitution. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISSAIs will always detect a material misstatement and weakness when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

In addition to the audit of the financial statements, a compliance audit is planned and performed to express a conclusion about whether, in all material respects, the activities, financial transactions and information reflected in the financial statements are in compliance with the authorities which govern them and that public resources are applied in an effective way, in accordance with the provisions of Article 229(6) of the Constitution and submit the audit report in compliance with Article 229(7) of the Constitution.

Further, in planning and performing the audit of the financial statements and audit of compliance, I consider internal control in order to give an assurance on the effectiveness of internal controls, risk management and governance processes and systems in accordance with the provisions of Section 7(1)(a) of the Public Audit Act, 2015 and submit the audit report in compliance with Article 229(7) of the Constitution. My consideration of the internal control would not necessarily disclose all matters in the internal controls, which might be material weaknesses under the ISSAIs. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts which would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

Because of its inherent limitations, internal control may not prevent or detect misstatements and instances of noncompliance. Also projections of any evaluation of effectiveness to future periods are subject to the risk that controls, may become inadequate because of changes in conditions, or that the degree of compliance with the policies and procedures may deteriorate.

As part of an audit conducted in accordance with ISSAIs, I exercise professional judgement and maintain professional skepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks and obtain audit evidence which is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from

fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management.

- Conclude on the appropriateness of the Management's use of the applicable basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions, which may cast significant doubt on the State Department's ability to continue to sustain its services. If I conclude that a material uncertainty exists, I am required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my audit report. However, future events or conditions may cause the State Department to cease to continue to sustain its services.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures and whether the financial statements represent the underlying transactions and events in a manner which achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information and business activities of the State Department to express an opinion on the financial statements.

- Perform such other procedures, as I consider necessary in the circumstances.

I communicate with the Management regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal controls which are identified during the audit.

I also provide Management with a statement that I have complied with relevant ethical requirements regarding independence and communicate with them all relationships and other matters which may reasonably be thought to bear on my independence and where applicable, related safeguards.

CPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

02 November, 2023

11 STATEMENT OF RECEIPTS AND PAYMENTS FOR THE YEAR ENDED 30TH JUNE 2023

Description	Note	2022-2023	2021-2022
		Kshs	Kshs
Receipts			
Exchequer Releases	1	51,161,960,094	48,484,634,443
Proceeds From Domestic and Foreign Grants	2	9,267,756	62,651,241
Other receipts	3	71,000,000	71,000,000
Total Receipts		**51,242,227,850**	**48,618,285,684**
Payments			
Compensation of Employees	4	437,881,247	465,309,214
Use of Goods and Services	5	271,295,091	380,034,201
Grants and Transfers to Other Government Entities	6&7	50,011,160,807	47,220,459,367
Social Security Benefits	8	20,383,115	1,880,683
Acquisition of Assets	9	399,866,203	514,217,736
Total Payments		**51,140,586,464**	**48,581,901,201**
Surplus/(Deficit)		**101,641,386**	**36,384,483**

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The entity financial statements were approved on 14th Sept. 2023 and signed by:

.....

JAMES MUHATI
Accounting Officer

.....

NEMWEL MOTANYA
Head of Accounting Unit
ICPAK M/No.2367

12 STATEMENT OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES AS AT 30TH JUNE 2023

Description	Note	2022-2023	2021-2022
		Kshs	Kshs
Financial assets			
Cash and cash equivalents			
Bank balances	10	119,828,143	40,825,363
Total cash and cash equivalents		**119,828,143**	**40,825,363**
Imprests and advances	11	301,123	8,791,059
Total financial assets		**120,129,266**	**49,616,422**
Financial liabilities			
Third party deposits and retention	12	9,786,823	11,570,559
Net financial assets		**110,342,444**	**38,045,863**
Represented by			
Fund balance b/fwd.	13	38,045,862	27,898,510
Prior year adjustment	14	(29,344,805)	(26,237,131)
Surplus/ (Deficit) for the year		**101,641,386**	36,384,483
Net financial position		**110,342,444**	**38,045,862**

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The entity financial statements were approved on 14th Sept. 2023 and signed by:

.....

JAMES MUHATI

Accounting Officer

.....

NEMWEL MOTANYA

Head of Accounting Unit

13 STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30TH JUNE 2023

Description	Notes	2022-2023	2021-2022
		Kshs	Kshs
Operating Activities			
Receipts			
Exchequer releases	1	51,161,960,094	48,484,634,443
Proceeds from domestic and foreign grants	2	9,267,756	62,651,241
Other revenues	3	71,000,000	71,000,000
Total Receipts		**51,242,227,850**	**48,618,285,684**
Payments			
Compensation of employees	4	437,881,247	465,309,214
Use of goods and services	5	271,295,091	380,034,201
Transfers to other government units	6	50,011,160,807	47,220,459,367
Social security benefits	8	20,383,115	1,880,683
Total Payment		**50,740,720,261**	**48,067,683,465**
Net receipts/(payments)		**501,507,589**	**481,913,873**
Adjusted For:			
Adjustments during the year		-	-
Prior year adjustments	14	(29,344,805)	(26,237,131)
Decrease/(Increase) in accounts receivable	15	8,489,936	18,377,289
Increase/(Decrease) in deposits and retention	16	(1,783,736)	1,822,737
Net Cash Flow from Operating Activities		**478,868,983**	**554,565,115**
Cash flow From Investing Activities			
Acquisition of assets	9	399,866,203	514,217,736
Net Cash Flows from Investing Activities		**(399,866,203)**	**(514,217,736)**
Net increase in cash and cash equivalents		**79,002,780**	**30,347,378**
Cash & Cash Equivalent at Start of The Year	10	**40,825,363**	**10,477,984**
Cash & Cash Equivalent at End of The Year	10	**119,828,143**	**40,825,363**

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The entity financial statements were approved on 14th Sept. 2023 and signed by:

JAMES MUHATI
Accounting Officer

NEMWEL MOTANYA
Head of Accounting Unit

14 STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR FY2022/23

Receipt/Expense Item	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	Budget Utilization Difference	% of Utilization
	a	b	c=a+b	d	e=c-d	f=d/c %
Exchequer releases	49,086,120,000	2,575,517,084	51,661,637,084	51,161,960,094	499,676,990	99%
Proceeds from domestic and foreign grants	0	10,985,641	10,985,641	9,267,756	1,717,886	84%
Miscellaneous receipts	71,000,000	0	71,000,000	71,000,000	0	100
Total Receipts	**49,157,120,000**	**2,586,502,725**	**51,743,622,725**	**51,242,227,850**	**501,394,876**	
Payments						
Compensation of employees	611,480,000	(170,700,000)	440,780,000	437,881,247	2,898,753	99%
Use of goods and services	469,735,953	(163,084,091)	306,651,862	271,295,091	35,356,771	88%
Transfers to other government entities	47,311,850,000	2,822,098,392	50,133,948,392	50,011,160,807	122,787,585	99.76%
Social security benefits	21,090,000	0	21,090,000	20,383,115	706,885	97%
Acquisition of assets	671,964,047	(192,121,202)	479,842,845	399,866,203	79,976,642	83%
Total Payments	**49,086,120,000**	**2,296,193,099**	**51,382,313,099**	**51,140,586,464**	**241,726,636**	
Surplus/ Deficit				**101,641,386**		

(a) ***Variance analysis***:

Proceeds from foreign grant at 84% is due to reduced funding by donor within the year, the balance could not support the planned activities. Use of goods at 88% is due to freeze in budget implementation where the systems were opened during the last quarter of the financial year. The underutilization on acquisition of assets at 83% occurred due to freeze in budget implementation process where the systems were opened during the last quarter of the financial year.

(b) There were reallocations within the year under recurrent budget towards purchase of motor vehicle:

The entity financial statements were approved on 14th Sept. 2023 and signed by:

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JAMES MUHATI

Accounting Officer

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NEMWEL MOTANYA

Head of Accounting Unit

ICPAK M/No. 2367

15 STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS: RECURRENT FOR FY2022/23

Receipt/Expense Item	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	Budget Utilization Difference	% of Utilization
	a	b	c=a+b	d	e=c-d	f=d/c %
Receipts						
Exchequer releases	3,955,480,000	(145,154,813)	3,810,325,187	3,737,027,521	73,297,666	98%
Other receipts	71,000,000	0	71,000,000	71,000,000	0	100
Total Receipts	**4,026,480,000**	**0**	**3,881,325,187**	**3,808,027,521**	**73,297,666**	
Payments						
Compensation of employees	611,480,000	(170,700,000)	440,780,000	437,881,247	2,898,753	99%
Use of goods and services	469,735,953	(163,084,091)	306,651,862	271,295,091	35,356,771	88%
Transfers to other Government entities	2,595,700,000	108,698,011	2,704,398,011	2,704,398,011	0	100%
Social security benefits	21,090,000	0	21,090,000	20,383,115	706,885	97%
Acquisition of assets	257,474,047	79,931,267	337,405,314	277,991,857	59,413,457	83%
Total Payments	**3,955,480,000**	**(145,154,813)**	**3,810,325,187**	**3,711,949,320**	**101,937,129**	
Surplus/Deficit				**99,639,464**		

Use of goods at 88% is due to freeze in budget implementation where the systems were opened during the last quarter of the financial year. The underutilization on acquisition of assets at 83% occurred due to freeze in budget implementation process where the systems were opened during the last quarter of the financial year.

The entity financial statements were approved on 14th Sept. 2023 and signed by:

.....
JAMES MUHATI
Accounting Officer

.....
NEMWEL MOTANYA
Head of Accounting Unit
ICPAK M/No. 2367

16 STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS: DEVELOPMENT FOR FY2022/23

Receipt/Expense Item	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	Budget Utilization Difference	% of Utilization
	a	b	c=a+b	d	e=c-d	f=d/c %
Receipts						
Exchequer releases	45,130,640,000	2,430,362,271	47,561,002,271	47,424,932,573	136,069,698	99%
Proceeds from domestic and foreign grants	0	10,985,641	10,985,641	9,267,756	1,717,885	84%
Total Receipts	**45,130,640,000**	**2,441,347,912**	**47,571,987,912**	**47,434,200,329**	**137,787,583**	
Payments						
Transfers to other Government entity	44,716,150,000	2,713,400,381	47,429,550,381	47,306,762,798	122,787,583	99%
Acquisition of assets	414,490,000	(272,052,469)	142,437,531	121,874,345	20,563,185	86%
Total Payments	**45,130,640,000**	**2,441,347,912**	**47,571,987,912**	**47,428,637,443**	**143,350,768**	**99%**
Surplus/Deficit				**5,562,886**		

Proceeds from foreign grant at 84% is due to reduced funding by donor within the year, the balance could not support the planned activities. The underutilization on acquisition of assets at 83% occurred due to freeze in budget implementation process where the systems were opened during the last quarter of the financial year.

The entity financial statements were approved on 14th Sept. 2023 and signed by:

.....
JAMES MUHATI
Accounting Officer

.....
NEMWEL MOTANYA
Head of Accounting Unit
ICPAK M/No. 2367

17 BUDGET EXECUTION BY PROGRAMMES AND SUB-PROGRAMMES FOR FY2023

Programme/Sub-programme	Original Budget	Adjustments	Final Budget	Actual on comparable basis	Budget utilization difference
	2022			2023	
	Kshs			Kshs	Kshs
Economic Policy and National Planning	**49,432,978,579**	-	**49,432,978,579**	**49,311,358,005**	**121,620,574**
Economic Planning Coordination services	410,822,357	-	410,822,357	379,964,142	30,858,215
Community Development	47,261,873,896	-	47,261,873,896	47,254,952,122	6,921,774
Macro-Economic Policy planning and regional integration	706,851,837	-	706,851,837	689,769,151	17,082,686
Policy Research	566,467,603	-	566,467,603	563,967,603	2,500,000
Coordination of Vision 2030	375,328,751	-	375,328,751	326,078,751	49,250,000
Infrastructure, Science, technology and innovation	28,826,885	-	28,826,885	25,406,675	3,420,210
UNICEF-Dashboard	82,807,250	-	82,807,250	71,219,561	11,587,689
National Statistical Information Services	**1,522,346,288**	-	**1,522,346,288**	**1,451,308,705**	**71,037,583**
Census and Surveys	1,522,346,288	-	1,522,346,288	1,451,308,705	71,037,583

Programme/Sub-programme	Original Budget	Adjustments	Final Budget	Actual on comparable basis	Budget utilization difference
	2022			2023	
Public Investment Management, Monitoring and Evaluation Services	**151,826,369**	-	**151,826,369**	**132,636,429**	**19,189,940**
National Integrated Monitoring and Evaluation	106,511,253	-	106,511,253	93,652,175	12,859,078
	45,315,116	-	45,315,116	38,984,254	6,330,862
General Administration Planning and Support Services	**275,161,863**	-	**275,161,863**	**245,059,898**	**30,101,965**
Human Resources and Support Services	223,073,395	-	223,073,395	200,552,285	22,521,110
Financial Management Services	41,052,373	-	41,052,373	36,091,240	4,961,133
Information Communications Services	11,036,095	-	11,036,095	8,416,373	2,619,722
		-			
Total	**51,382,313,099**	-	**51,382,313,099**	**51,140,363,036**	**241,950,063**

18 NOTES TO THE FINANCIAL STATEMENTS

1. Statement of Compliance and Basis of Preparation

The financial statements have been prepared in accordance with Cash-basis International Public Sector Accounting Standards (IPSAS) as prescribed by the Public Sector Accounting Standards Board (PSASB) and set out in the accounting policy note below. This cash basis of accounting has been supplemented with accounting for; a) receivables that include imprests and salary advances and b) payables that include deposits and retentions. The financial statements comply with and conform to the form of presentation prescribed by the PSASB. The accounting policies adopted have been consistently applied to all the years presented.

2. Reporting Entity

The financial statements are for the State Department for Economic Planning. The financial statements encompass the department as specified under Section 81 of the PFM Act 2012 and currently there are no projects implemented by the State Department.

3. Reporting Currency

The financial statements are presented in Kenya Shillings (Kshs), which is the functional and reporting currency of the Government and all values are rounded to the nearest Kenya Shilling.

Significant accounting policies

The accounting policies set out in this section have been consistently applied by State Department for Planning for all the years presented.

a) Recognition of Receipts

The State Department for Planning recognises all receipts from the various sources when the event occurs, and the related cash has been received.

(i) Transfers from the Exchequer

Transfers from the exchequer are recognized in the books of accounts when cash is received. Cash is considered as received when payment instruction is issued to the bank and notified to the State Department.

(ii) External Assistance

External assistance is received through grants and loans from multilateral and bilateral development partners. Grants and loans shall be recognized in the books of accounts when cash is received. Cash is considered as received when a payment advice is received by the recipient entity or by the beneficiary. In case of grant/loan in kind, such grants are recorded upon receipt of the grant item and upon determination of the value. The date of the transaction is the value date indicated on the payment advice. A similar recognition criteria is applied for loans received in the form of a direct payment. During the year ended 30th June 2023, there were no instances of non-compliance with terms and conditions which have resulted in cancellation of external assistance loans.

(iii) miscellaneous receipts

These include Appropriation-in-Aid and relates to receipts such as proceeds from disposal of assets and sale of tender documents. These are recognised in the financial statements the time associated cash is received.

b) Recognition of payments

The Department recognises all payments when the event occurs, and the related cash has been paid out by the department.

i) Compensation of Employees

Salaries and wages, allowances, statutory contribution for employees are recognized in the period when the compensation is paid.

ii) Use of Goods and Services

Goods and services are recognized as payments in the period when the goods/services are paid for. Such expenses, if not paid during the period where goods/services are consumed, shall be disclosed as pending bills.

iii) Acquisition of Fixed Assets

The payment on acquisition of property plant and equipment items is not capitalized. The cost of acquisition and proceeds from disposal of these items are treated as payments and receipts items respectively. Where an asset is acquired in a non-exchange transaction for nil or nominal consideration and the fair value of the asset can be reliably established, a contra transaction is recorded as receipt and as a payment. A fixed asset register is maintained and a summary provided for purposes of consolidation. This summary is disclosed as an annexure I to the financial statements.

iv) In-kind contributions

In-kind contributions are donations that are made to the Entity in the form of actual goods and/or services rather than in money or cash terms. These donations may include vehicles, equipment or personnel services. Where the financial value received for in-kind contributions can be reliably determined, the department includes such value in the statement of receipts and payments both as receipts and as payments in equal and opposite amounts; otherwise, the contribution is not recorded.

v) Third Party Payments

Included in the receipts and payments, are payments made on the entity's behalf to third parties in form of loans and grants. These payments do not constitute cash receipts and payments and are disclosed in the payment to third parties in the statement of receipts and payments as proceeds from foreign borrowings or grants.

c) Cash and Cash Equivalents

Cash and cash equivalents comprise cash on hand and cash at bank, short-term deposits on call and highly liquid investments with an original maturity of three months or less, which are readily convertible to known amounts of cash and are subject to insignificant risk of changes in value. Bank account balances include amounts held at the Central Bank of Kenya at the end

of the financial year. A bank account register is maintained, and a summary provided for purposes of consolidation. This summary is disclosed in notes 10A and 10B of the financial statements.

i) Restriction on Cash

Restricted cash represents amounts that are limited/restricted from being used to settle a liability for at least twelve months after the reporting period. This cash is limited for direct use as required by stipulation. Amounts maintained in deposit bank accounts are restricted for use in refunding third party deposits and retentions. As of 30th June 2023, this amounted to Kshs 9,786,823 compared to Kshs 9,185,813 in prior period as indicated on note 10B. There were no other restrictions on cash during the year.

d) Imprests and advances

For the purposes of these financial statements, imprests and advances to authorised public officers and/or institutions which were not surrendered or accounted for at the end of the financial year are treated as receivables. This is in recognition of the government practice where the imprest payments are recognized as payments when fully accounted for by the imprest or Authority to Incur Expenditure (AIE) holders. This is an enhancement to the cash accounting policy. Other accounts receivables are disclosed in the financial statements.

e) Third party deposits and retention

For the purposes of these financial statements, deposits and retentions held on behalf of third parties have been recognized on an accrual basis (as accounts payables). This is in recognition of the government practice of retaining a portion of contracted services and works pending fulfilment of obligations by the contractor and to hold deposits on behalf of third parties. This is an enhancement to the cash accounting policy adopted for National Government Ministries and Agencies. Other liabilities including pending bills are disclosed in the financial statements.

f) Pending Bills

Pending bills consist of unpaid liabilities at the end of the financial year arising from contracted goods or services during the year or in past years. As pending bills do not involve the payment of cash in the reporting period, they recorded as 'memorandum' or 'off-balance' items. When the pending bills are finally settled, such payments are included in the Statement of Receipts and Payments in the year in which the payments are made.

g) Budget

The budget is developed on a comparable accounting basis (cash basis except for imprest and deposits and retentions, which are accounted for on an accrual basis), the same accounts classification basis, and for the same period as the financial statements. The original budget was approved by Parliament in June 2022 for the period 1st July 2022 to 30th June 2023 as required by Law and there were 2 number of supplementary adjustments to the original budget during the year.

A comparison of the actual performance against the comparable budget for the financial year under review has been included in the financial statements. Government Development Projects are budgeted for under the MDAs but receive budgeted funds as transfers and account for them separately. These transfers are recognised as inter-entity transfers.

h) Comparative Figures

Where necessary, comparative figures for the previous financial year have been amended or reconfigured to conform to the required changes in presentation.

i) Subsequent Events

There have been no events after the financial year end with a significant impact on the financial statements for the year ended 30th June 2023.

j) Prior Period Adjustment

During the year, errors that have been corrected are disclosed under note 14 explaining the nature and amounts.

k) Related Party Transactions

Related party means parties are related if one party has the ability to:

a) Control the other party or
b) Exercise significant influence over the other party in making financial and operational decisions, or if the related party entity and another entity are subject to common control.

Relates party transaction is a transfer of resources of obligations between related parties regardless of whether a price is charged.

Notes to the Financial Statements

1. Exchequer releases

Description	*FY 2022-2023*	*FY 2021-2022*
	Kshs	Kshs
Transfers From Exchequer for Quarter 1	920,502,568	11,428,001,117
Transfers From Exchequer for Quarter 2	5,015,139,165	12,963,994,257
Transfers From Exchequer for Quarter 3	14,422,339,906	15,080,298,885
Transfers From Exchequer for Quarter 4	30,803,978,455	9,012,340,184
Total	**51,161,960,094**	**48,484,634,443**

The exchequer received during the period was more than the previous year due to increase in NG-CDF budget and establishment of National Government county Planning Offices.

2. Proceeds from Domestic and Foreign Grants

Name of Donor	Date received	Indicate whether it was a direct payment	Amount in foreign currency	*2022-2023*	*2021-2022*
				Kshs	Kshs
Grants received from Multilateral Donors (International organizations)					
UN WOMEN			-	9,267,756	62,651,241
Total				**9,267,756**	**62,651,241**

The decrease in the proceeds from domestic and foreign grants resulted from decreased donor support for UN-Women activities.

3. Miscellaneous Receipts

Description	*2022-2023*	*2021-2022*
	Kshs	Kshs
Receipts from Administrative Fees and Charges - AIA	71,000,000	71,000,000
Others (specify)	-	-
Total	**71,000,000**	**71,000,000**

KNBS collected Kshs. 105,682,557 as the actual AIA against a budget of Kshs 71,000,000 in the year 2022/2023.

4. Compensation to Employees

Description	2022-2023	2021-2022
	Kshs	Kshs
Basic salaries of permanent employees	278,543,406	269,637,039
Basic wages of temporary employees	2,146,670	2,302,889
Personal allowances paid as part of salary	157,191,172	193,369,286
Total	**437,881,247**	**465,309,214**

The changes in compensation to employees was due to transfers of officers to and from other MDAs during the financial year.

5. Use of Goods and Services

Description	2022-2023	2021-2022
	Kshs	Kshs
Utilities, supplies and services	4,984,528	5,934,241
Communication, supplies and services	7,914,912	11,571,135
Domestic travel and subsistence	56,831,296	85,628,610
Foreign travel and subsistence	2,130,221	11,894,595
Printing, advertising and information supplies & services	1,462,617	4,516,483
Rentals of produced assets	53,839,581	79,777,287
Training expenses	9,770,734	28,243,539
Hospitality supplies and services	46,672,034	60,779,745
Specialized materials and services	5,180,969	6,427,038
Office and general supplies and services	20,882,002	36,323,909
Fuel Oil and Lubricants	23,056,349	18,573,800
Other operating expenses	17,326,223	12,248,442
Routine maintenance – vehicles and other transport equipment	16,903,567	12,058,121
Routine maintenance – other assets	4,340,057	6,057,257
Total	**271,295,091**	**380,034,201**

6. Grants and Transfers to other Government Entities

Description	2022-2023	2021-2022
	Kshs	Kshs
Transfers to National Government entities		
Current grants to government agencies and other level of govt	2,704,398,010	2,807,838,645
Capital grants to government agencies and other level of govt (AiA)	71,000,000	71,000,000
Capital grants to government agencies and other level of govt	47,226,495,042	44,278,969,481
Capital grants to government agencies and other level of govt (Direct Payment)	9,267,756	62,651,241
Total	**50,011,160,808**	**47,220,459,367**

7 The above transfers were made to the following self-reporting entities in the year:

Description	Recurrent	Development	Total for the year	2021-2022
	Kshs	Kshs	Kshs	Kshs
Transfers to SAGAs and SCs				
Kenya Institute For Public Policy And Research-GOK	526,683,561	37,284,042	563,967,603	593,780,000
NEPAD Kenya Secretariat-GOK	271,656,248	0	271,656,248	283,268,645
Kenya National Bureau Of Statistics-GOK	1,323,996,700	47,044,249	1,371,040,949	1,971,374,361
Kenya National Bureau Of Statistics-AIA	71,000,000	0	71,000,000	71,000,000
National Council For Population And Development-GOK	302,812,000	23,266,751	326,078,751	367,026,361
Kenya Vision 2030 Delivery Secretariat	208,249,500	0	208,249,500	219,210,000
NG-Constituency Development Fund	0	47,189,900,000	47,189,900,000	43,714,800,000
Total	**2,704,398,009**	**47,297,495,042**	**50,001,893,051**	**47,220,459,367**

We have confirmed these amounts with the recipient entities as attached (Annex IV).

8 Social Security Benefits

	2022-2023	2021-2022
	Kshs	Kshs
Government pension and retirement benefits	20,383,115	1,880,683
Total	**20,383,115**	**1,880,683**

The kshs. 20,383,115 relates to gratuity, NSSF and PSSS payments.

9. Acquisition of Assets

Non -Financial Assets	2022-2023	2021-2022
	Kshs	Kshs
Refurbishment of Buildings	-	58,702,877
Purchase of Vehicles and other Transport Equipment	16,270,000	15,000,000
Purchase of Office Furniture and General Equipment	23,260,605	24,403,505
Purchase of Specialized Plant, Equipment and Machinery	160,500	401,140
Purchase of ICT Equipment, Software and other ICT Assets	-	-
Research, Studies, Project Preparation, Design & Supervision	360,175,098	415,710,214
Total	**399,866,203**	**514,217,736**

The total for the acquisition of assets comprises the Research, Studies, Project Preparation, and Design & Supervision that does not involve purchase of fixed assets.

10. A Cash and Bank Accounts

Description	2022-2023	2021-2022
	Kshs	Kshs
Bank Accounts	119,828,143	40,825,363
Total	**119,828,143**	**40,825,363**

10. B Bank Accounts

Name of Bank, Account No. & currency	Amount in bank account currency	Indicate whether recurrent, Development, deposit etc.	Exc rate (if in foreign currency)	2022-2023	2021-2022
				Kshs	Kshs
Central Bank of Kenya, 1000384301 , State Department for Planning	Kes	Recurrent	1	96,557,931	28,106,713
Central Bank of Kenya, 1000384317 , – State Department for Planning	Kes	Development	1	13,483,389	1,238,092

Central Bank of Kenya, 1000384328, – State Department for Planning	Kes	Deposit	1	9,786,823	11,480,558
Total				**119,828,143**	**40,825,363**

11 (a) IMPRESTS AND ADVANCES

Description	*2022-2023*	*2021-2022*
	Kshs	**Kshs**
Salary advances	289,650	1,209,880
District suspense	11,473	7,581,179
Total	**301,123**	**8,791,059**

The Ksh. 289,650 relates to salary advanced to officers which was outstanding as at 30th June 2023. The Kshs. 11,473 relates to unspent District AIEs issued in the FY 2022-2023.

11 (b) IMPRESTS AND ADVANCES AGING ANALYSIS

	2022-2023	% of the total	*2021-2022*	% of the total
Under one year	301,123	100%	-	%
1-2 years	0	%	-	%
2-3 years	0	%	-	%
Over 3 years	0	%	-	%
Total	**301,123**		**-**	

12. THIRD PARTY DEPOSITS AND RETENTION

Description	*FY 2022-2023*		*FY 2021-2022*	
	Kshs		**Kshs**	
Retention	7,836,617		9,430,996	
Deposits	1,950,205		2,049,563	
RD Cheques	-		90,000	
Total	**9,786,822**		**11,570,559**	
Ageing analysis:	**Current FY**	**% of the Total**	**Prior FY**	**% of the Total**
Under one year	9,657,822	99%	0	0
1-2 years	129,000	1%	11,570,559	100
Total	**9,786,822**		**11,570,559**	

The kshs. 9,786,822 relates to monies refundable to third parties

13. Fund Balance Brought Forward

Description	2022-2023	2021-2022
	Kshs	Kshs
Bank Accounts	40,825,363	10,477,984
Salary and District advances	8,701,059	27,168,348
Third party deposits and retention	(11,480,559)	(9,747,822)
Total	**38,045,863**	**27,898,510**

14. Prior Year Adjustments

	Balance b/f from previous year as per audited financial statements	Adjustments during the year relating to prior periods	Adjusted ** Balance c/f 2022-2023
Description of the error	**Kshs**	**Kshs**	**Kshs**
Bank Account Balances	40,825,363	(29,344,805)	11,480,559
Salary and District advances	8,701,059	-	8,701,059
Third party deposits and retention	(11,480,559)	-	(11,480,559)
Total	**38,045,863**	**(29,344,805)**	**11,480,559**

Ksh. 29,344,805 relates to recurrent and development bank accounts balances surrendered to exchequer as unspent balance during FY 2021/2022.

15. (Increase)/ Decrease in Advances and Imprests

Description	FY 2022-2023	FY 2021-2022
	Kshs	Kshs
Receivables As At 1st July (A)	(8,791,059)	(27,168,348)
Receivables As At 30th June (B)	301,123	8,791,059
(Increase)/ Decrease in Receivables (C=(B-A))	**(8,489,936)**	**(18,377,289)**

16. Increase/ (Decrease) in Retention and Third-Party Deposits

Description	FY 2022-2023	FY 2021-2022
	Kshs	Kshs
Payables As At 1st July 2022	(11,570,559)	(9,747,822)
Payables As At 30th June 2023	9,786,822	11,570,559
Increase/ (Decrease) In Payables	**(1,783,737)**	**1,822,737**

17. Related Party Disclosures

The following comprise of related parties to the State Department for Economic Planning:

i) Key management personnel that include the Cabinet Secretaries and Accounting Officers;
ii) Other Ministries Departments and Agencies and Development Projects;
iii) County Governments; and
iv) State Corporations and Semi-Autonomous Government Agencies.

Other Important Disclosures

18. Related party transactions:

Description	*2022-2023*	*2021-2022*
	Kshs	**Kshs**
Key Management Compensation	0	117,966,156
Transfers to Related Parties		
Transfers to other MDAs –current grants	2,704,398,009	2,807,838,645
Transfers to SCs and SAGAs- AIA	71,000,000	71,000,000
Transfers to SCs and SAGAs-Capital grants	47,306,762,797	44,278,969,481
Transfers to SCs and SAGAs-Direct payments	9,267,756	62,651,241
Total Transfers to Related Parties	**50,091,428,562**	**47,401,076,764**
Transfers from the Exchequer	50,011,160,806	47,267,425,523
Transfers from international organization	9,267,756	62,651,241
Total Transfers from Related Parties	**50,020,428,562**	**47,330,076,764**

19. External Assistance

	FY 2022-2023	*FY 2021-2022*
Description	**Kshs**	**Kshs**
External Assistance received as Loans and Grants	9,267,756	62,651,241
Total	**9,267,756**	**62,651,241**

The decrease in proceeds from external assistance resulted from decrease in donor support for UN-Women through Making Every Woman Count Programme.

a) External assistance relating loans and grants

	FY 2022-2023	*FY 2021-2022*
Description	**Kshs**	**Kshs**
External Assistance received as Grants	9,267,756	62,651,241
Total	**9,267,756**	**62,651,241**

b) Classes of providers of external assistance

	FY 2022-2023	*FY 2021-2022*
Description	**Kshs**	**Kshs**
International Assistance Organization	9,267,756	62,651,241
Total	**9,267,756**	**62,651,241**

20. Progress on follow up of Prior Years Auditor-General's recommendations.

The following is the summary of issues raised by the Auditor-General during the prior years and management comments that were provided.

Reference No. on the External Audit Report	Issue / Observations from Auditor	Management Comments	Status	Timeframe
155	Pending bills	A taskforce on pending bills was established by the Principal Secretary State Department for Economic Planning on 13th September 2021 to review and verify the pending bills.	Resolved awaiting plenary recommendations	By December 2023
156	Unresolved prior year matters	The previous year issues raised were affecting paragraph 122. Management of grounded motor vehicles.	Resolved awaiting plenary recommendations	By December 2023

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Accounting Officer

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Head of Accounting Unit

21 ANNEXES

Annex I - Summary of Fixed Asset Register

Asset class	Historical Cost b/f (Kshs) FY 2021-2022	Additions during the year (Kshs)	Disposals during the year (Kshs	Transfers in/(out) during the year	Historical Cost c/f (Kshs) FY 2022-2023
Buildings and structures	65,512,914	0	-	-	65,512,914
Transport equipment	27,601,956	16,270,000	-	-	43,871,956
Office equipment, furniture and fittings	33,123,811	23,260,605	-	-	56,384,416
Intangible assets	839,479,089	0	-	-	839,479,089
Total	**965,717,770**	**39,530,605**	-	-	**1,005,248,375**